Minutes of the

Meeting of the Executive Committee

of the

World Council of Churches

19 – 22 February 2002

Meeting held in

Nyborg, Denmark

These minutes have no official status until received, amended as necessary and approved by the Executive Committee at its next meeting. The official proceedings of the Executive Committee consist of a documented record of decisions taken by the Committee along with the texts of documents acted upon. The introductions to agenda items and summaries of presentations and discussions are prepared by the minute-taker for background information only, and should not be cited as part of the official proceedings of the meeting nor as such attributed to the speakers' names.

World Council of Churches
150 Route de Ferney
P.O. Box 2100
CH-1211 Geneva 2
Switzerland

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World Council of Churches

EXECUTIVE COMMITTEE MEETING

held in Nyborg, Denmark

19-22 February 2002

1. OPENING ACTIONS

Worship

Members of the Executive Committee led morning worship each day during the course of the Nyborg meeting.

Call to Order and Welcome

The Moderator, His Holiness Aram I, called the meeting to order at 09:05 on Tuesday, 19 February 2002. He welcomed participants to the meeting and extended the thanks of the Executive Committee to the Church of Denmark for its history of ecumenical commitment and its gracious hospitality as host of this meeting.

The Moderator also recalled that on the opening day of the previous meeting of the Executive Committee, 11 September 2001, news came during the third session concerning the attack on the World Trade Center in New York. Having called for prayer that the world may combat terrorism by attacking its root causes, the Moderator invited Clifton Kirkpatrick and Bishop McKinley Young to reflect on changes in self-understanding within the USA and the effects of 11 September on the churches there. Dr Kirkpatrick reported that he had been struck by the actions of churches in reaching out to victims of hatred and by the commitment within churches, despite governmental appeals for a 'war on terrorism', not to condone violence as the response to violence. Bishop Young expressed his gratitude for expressions of commitment through 'Living Letters' visits to US churches, and particularly the visit to Oakland, California during the meeting of the National Council of Churches in the USA. Throughout the USA, there is a new sense of vulnerability, but this may be seen as an opportunity for the renewal of community.

The Moderator called on members of the Executive Committee to comment on the state of Christian-Muslim relations in the wake of 11 September.

Among those who responded, Rev. Septemmy Lakawa of Indonesia recounted her experience as a member of the 'Living Letters' visit. On the first day in New York, the group met with local pastors and visited 'Ground Zero'. There is no language that could communicate the experience at Ground Zero, only silence. The question now is how to transform violence in a non-violent way.

Bishop Zacharias Mar Theophilus noted that India had joined with the USA and other nations in opposing terrorism. Though there had been fear of problems between the Hindu and Islamic communities, initiatives were being taken to facilitate dialogue. The Rev. Yadessa Daba reported that in Ethiopia in the past, Christianity was dominant and Muslims had no voice. With a change of government, Muslims had been given the right to worship and had become more active in the society. A forum has been created for Christians and Muslims to come together to talk about peace.

The Moderator recognized Bishop Dr Hilarion Alfeyev following his recent consecration. The bishop responded with thanks to all, and particularly to the General Secretary who at the time of the consecration had offered congratulations on behalf of the World Council of Churches. He also asked for the prayers of the Executive Committee in regard to the current state of dialogue between the Russian Orthodox Church and the Roman Catholic Church.

Roll Call

The General Secretary called the roll of members present. The arrival of the Very Rev. Leonid Kishkovsky was delayed. Apologies for absence received: Ms Donnalie E.C. Edwards-Cabey, Rev. Dr Ilaitia Sevati Tuwere.

Bishop Huber has had to resign from both the Central Committee and Executive Committee. EKD proposed Bishop Dr Rolf Koppe as his replacement. The Central Committee will have to take the decision to confirm this replacement. Father Georges Tsetsis has resigned his membership of the Central Committee, Executive Committee and Special Commission. He writes that his personal commitment to the WCC endures. The Rev. Archimandrite Benedict Ioannou will join the Executive Committee as a substitute for this meeting.

The Moderator indicated his intent to express thanks to both Bishop Huber and Father Georges Tsetsis for their service to the WCC. The Central Committee would be the best place to do that, as it takes the decision on confirming their replacements. For this meeting, Bishop Koppe and Father Benedict were recognized as substitutes.
The Executive Committee **agreed** to this unanimously.

Minutes of Previous Meeting

Ms Marion Best noted that some editorial corrections were required in regard to the minutes of the 11-14 September 2001 meeting of the Executive Committee in Geneva. Specifically, she pointed to p.11, second point, where there seemed to be a direct contradiction between the two sentences. However, it was pointed out that in the second sentence the verb 'dispose' was intended to mean 'to have available' and not 'to get rid of'.

With this clarification, there being no other comments, the minutes were **approved.**

Adoption of Agenda and Timetable

Konrad Raiser presented the proposed agenda, saying that it followed the usual pattern of plenary sessions on the first two days, followed by sub-committee meetings on the third day, and reporting back on the final morning. He noted the invitation to a reception on Wednesday evening, 20 February, hosted by the Council on International Relations of the Evangelical Lutheran Church in Denmark.

The agenda was **adopted.**

2. REPORT OF THE GENERAL SECRETARY

Commemorations and Thanks

Before giving his report, the General Secretary commemorated two dear friends and colleagues: Jan Kok, who died at the age of 59 on 7 February after 29 years of service in Communication; and the former President, Dr Marga Bührig, who died of heart failure on 12 February in her 86th year. Both made important and lasting

contributions to the life of the WCC. In commemoration of these two friends there was a moment of silence, followed by spoken prayer.

The General Secretary began his report by acknowledging the hospitality of the Church of Denmark, and especially of Rev. Ane Hjerrild and Dean Anders Gadegaard. This is the first time, he noted, apart from the short meeting in Potsdam last January, that the Executive Committee had met outside Geneva. The opportunity for visits in Copenhagen prior to the meeting gave members the chance to see a local expression of the church in action.

The Financial Situation

11 September has taken its toll on the ecumenical movement. Demands on the WCC have increased. Available resources are shrinking. The General Secretary encouraged the Executive Committee to send a message of confidence in the viability of the organization, consistent with the Common Understanding and Vision (CUV) of the WCC. The change of culture prescribed by the CUV is beginning to take shape, but it has yet to be absorbed into the thinking of member churches. The WCC is still seen by many as essentially a service organization.

For the first time since Harare, the WCC has seen a decrease in membership contributions. While the previous period of stability inspired hopes of raising the membership contributions from 6.5 to 10 million Swiss francs, instead the WCC has seen decreases in contributions even from the most faithful and supportive member churches. The membership campaign has produced very limited results. The General Secretariat has had to take the disagreeable decision to implement the policy refusing travel subsidies to representatives from those churches which have not responded to requests for at least the minimum contribution.

The General Secretary observed on behalf of the whole Staff Leadership Group that this situation goes beyond financial survival. At the core, it is a test of faith. The World Council of Churches requires the support of members at this critical point midway between the Eighth and Ninth Assemblies. It is a moment for taking stock.

This meeting will receive preliminary reports from the Special Commission and the Membership Study Group. It is clear that both groups have helped to complete the CUV process by seriously addressing this question: What kind of WCC do we envisage in the light of the CUV? The Central Committee at its meeting in August

will have to consider institutional implications. A new culture is beginning to emerge, a new model of representation is being prepared, methods of decision-making are being changed. The Executive Committee needs to own the process guiding the Central Committee in its decision-making.

Staff have been involved in evaluation work of the first three-year period since the Eighth Assembly. This evaluation will form the basis for projecting work for the coming period of 2003-2005, leading to the assembly year in 2006. It is the first time staff have attempted a comprehensive evaluation.

The new internal organization is standing up to the tests of time and events. Activities are in line with the recommendations of the assembly and the Central Committee. The financial crisis comes at the worst possible time. What is needed is a boost, an affirmation of the plans for 2003-2005, for programme activities and a three-year financial plan. We have requested the main funding partners to make a commitment for three years, which has required a thorough readjustment of our budget structures.

The new Activity Based Costing (ABC) approach has been used as the basis for budgets this year and in the coming years. This provides increased transparency for our financial management. So far, the lack of current income could be balanced by fund balances, but by the end of 2002 the fund balances will be reduced to such a level that the safety provided by these over the last years will have gone. This means that we will have to bring staff and activities into line in order to have a genuine balanced budget in 2003.

Comments on Events since the last Meeting

The General Secretary recalled the impact of 11 September. One feature of particular concern is re-militarization. At a moment when the US is the sole superpower, it is acting in disregard of the United Nations, and this poses a serious problem for human rights. In this context, the Decade to Overcome Violence (DOV) has particular importance, but the situation has added to the difficulties in acceptance of it in some member churches. The WCC must focus on the positive task of shaping a culture of peace and reconciliation.

The most significant consequence of 11 September is the importance of religious and inter-religious dialogue. Christian-Muslim dialogue was the main focus of three meetings in Cairo sponsored by the WCC and MECC. Looking back at these

high level meetings, the General Secretary expressed regret that their potential seems to have been exhausted without a serious effort of acknowledging the part played by religion in fomenting conflict and violence. There is a need for a new method of focusing on the role faith communities play in the global agenda. The WCC must integrate the competence of those involved in inter-religious dialogue, international relations and Faith and Order, developing a new approach leading up to the Ninth Assembly.

The WCC, in cooperation with ACT (Action by Churches Together) and EAA (Ecumenical Advocacy Alliance), offers a special service on the Web, 'Behind the News', a feature calling attention to the different responses among churches to the events of 11 September, as well as open letters from WCC leaders to the Secretary General of the United Nations and to Muslim leaders. The WCC has received many expressions of appreciation for this service.

Looking Ahead

Dr Raiser concluded with remarks concerning the election of the next General Secretary and preparations for the Ninth Assembly.

At the last meeting the Executive Committee approved procedures for seeking the next General Secretary. These were agreed by the Officers and now need final adoption. There is now a need for review of the job description. If possible, the Search Committee shall be elected early on during the Central Committee meeting in August, working and giving an initial report during that meeting to ensure a clearly understood mandate.

It was agreed in Potsdam that the Assembly Planning Committee be selected in 2003. However, this would leave little time for reports to the Central Committee before the 2006 assembly. Dr Raiser observed that this was a delicate situation and indicated he will therefore propose to take some decisions as early as this summer. Given the financial limitations and reduced staff, the Central Committee must be realistic on what kind of assembly the WCC can afford. It will be impossible to have an assembly of the same sort as in Harare. So a new model of assembly has to be worked out with those likely to be the hosts. It is proposed to initiate site exploration with outside help. A formal invitation has been received from the churches in Korea, but other possibilities will also be explored.

A core group of the Assembly Planning Committee should be appointed who, with a core group from staff, would work on the theme between the Central Committee meetings in 2002 and 2003.

Concluding Remarks

Dr Raiser expressed his thanks for permission to enjoy a two-month study leave, saying he had greatly benefited from this. Since his return, he has visited England at the invitation of the Baptist Union of Great Britain and Ireland. In January and February, he and Bishop Hilarion participated in the Prayer for Peace in Assisi. Dr Raiser also attended the World Economic Forum in New York.

Assisi marked the second time Pope John Paul II had invited religious leaders to gather. There was participation by representatives of a diversity of religious traditions. Nevertheless, this was not an inter-religious dialogue but a strong affirmation of broad commitment to peace, and a convocation clearly held under the aegis of the Roman Catholic Church.

The World Economic Forum was a very different sort of event. This is the second time WEF has made an attempt to invite religious leaders to the Forum. It had already opened its doors to representatives of the political and academic fields. The WEF is creating a string of advisory councils to advise the board of the Forum on the direction the WEF should take. Some 50 religious leaders were invited, though it seemed a somewhat haphazard list with a focus on Christians, Jews and Muslims. Dr Raiser concluded from the discussion there that this is not a framework in which the WCC should be active, yet it served as an important experience in gaining clarity on how the WCC should operate in a global framework.

Discussion

The Moderator, HH Aram I, thanked the General Secretary for his realistic report touching on a variety of aspects of the life and work of the WCC. He registered, for the minutes, the deep appreciation of the Executive Committee for the way the WCC has responded ecumenically to the events of 11 September.

Discussion followed the General Secretary's report, in which additional thanks were expressed for the work of the WCC following 11 September and the

outbreak of hostilities in and around Afghanistan. A number of other topics and comments were raised:

- The appeal to member churches for financial support was considered in light of the budget pressures facing the organization. While member churches face economic problems of their own, the WCC's plea had not fallen on deaf ears. Concern was expressed over the effects on the WCC and its programmes as budgets and staff are cut.
- The WCC's position on the issue of violent conflict was welcomed as a counterweight to the tendency of governments to redefine all manner of military objectives as components of a war on terrorism.
- There was further reflection on the tensions arising in nations from Korea to South Africa, and especially on inter-religious tensions leading societies to the brink of violence. Korea experienced as a particularly threatening dynamic the US president's naming of North Korea in reference to an international 'axis of evil'.

3. FURTHER ORGANIZATIONAL MATTERS

Membership of Sub-Committees

Bishop McKinley Young accepted the chair of the Executive Committee's Sub-Committee on Finance.

Concerning the composition of sub-committees (see Appendix), the General Secretary suggested the following changes to the membership of sub-committees: Dr Lee moves from the Finance Sub-Committee to the Staffing and Nominations Sub-Committee. Ms Karagdag takes Dr Lee's place on the Finance Sub-Committee. The General Secretary also asked Dean Anders Gadegaard to join the Finance Sub-Committee. Bishop Koppe will take the Dean's place in the Staffing and Nominations Sub-Committee .

Fr Benedict will join the Programme Sub-Committee, and Dr Zacharias will join the Staffing and Nominations Sub-Committee. Archbishop Nifon also agreed to join the Staffing and Nominations Sub-Committee.

Dr Raiser said that at the Executive Committee meeting in August 2002 there would be a general review and rotation of membership of the sub-committees. Proposals could be made for action at the next meeting.

4. PRELIMINARY FINANCE REPORT

Robert Christeler was introduced to present the finance report.

The situation had changed drastically since the Central Committee last met, partly as a consequence of a drop in world financial markets. The WCC had suffered significant losses on its investment portfolio with a concomitant loss of financial flexibility. Additionally, the Council has suffered significant reduction in contributions and membership payments.

Mr Christeler pointed out that, in the supporting document "Draft Operating Results to Dec. 31, 2001", contributions were shown as 1.685 million Swiss francs (CHF) below those budgeted in Potsdam. He went through the results line by line and concluded by paying tribute to the staff in exercising discipline in controlling costs. He said the document showed how very tight the situation has been.

At the last meeting, the Executive Committee recommended restructuring the investment portfolio to be more conservative with less equity holdings in exchange for more fixed bonds, shifting from foreign currencies to Swiss francs. This policy was implemented, and in the wake of 11 September this policy played in the WCC's favour, as more money would have been lost if not for restructuring the portfolio.

Mr Christeler noted that the books would be closed at the end of March when they would be audited. His impression was that the reduction in contributions is a continuing situation we have been living with for a number of years, but the reasons for this were manifold and difficult to explain in full detail in the context of a general financial presentation.

In response to a question, Michiel Hardon added that there are two sorts of contributions: membership contributions and those from donor agencies. There had been an upward trend in membership contributions since at least 1997; in an earlier financial context, the Assembly Finance Committee had set a target of CHF 10 million in contributions by the time of the next assembly. Now it has become necessary to discuss whether this is realistic as the trend has not continued in 2001. A letter has been sent to the member churches, and it is hoped this will have a positive impact, but it is too early to see any results yet. One element in the equation is that some funds are diverted to EAA and also donors are increasingly giving bilaterally.

Mr Hardon reported that 58% of member churches had contributed in 2000. Even if the remaining 42% all give the minimum contribution this year, it would still represent no more than an increase of CHF 150-200,000, a minimal difference in percentage.

In reference to the document on "Investment Results", Mr Christeler explained that the decision was taken during the year, with the help of the Investment Advisory Group and our asset managers, not to sell part of the investment portfolio in order to finance operational needs and a budgeted programme fund balance draw-down, as it would be the worst time to do so. History has proved this decision to be correct, because since October/November the financial markets have recovered some of the losses. Additionally, changes in the structure of the portfolio were accomplished at the end of the year to reduce the proportion of shares from 39% at the end of 2000 to 29-30% at the end of 2001 and to increase the proportion of fixed return investments correspondingly.

The Council now has to face up to the fact that the possibilities for cost reduction without a restructuring effort are very limited. In the second quarter of last year, with the advice of Human Resources and the involvement of SLG, a voluntary early retirement package was put in place for eligible administrative colleagues over the age of 58 (some non-administrative colleagues were also enabled to apply). This has had a modest success with about ten colleagues applying. An estimate of the financial impact is not final, as additional staff may still apply for early retirement.

In regard to "Draft Activities Financial Results", it was pointed out that, contrary to operating results, contributions here exceed the budget by roughly CHF 2 million, but still stand CHF 1.6 million below the 2000 level. Under pressure from funding partners, the Council also initiated a significant reduction in fund balances of CHF 5.8 million which represents payments to programmes in excess of incoming contributions. Because of the depressed value of the General Investment portfolio, the Council decided to finance the programme fund balance draw-down with available cash and credit resources, which resulted in turn in a tense treasury situation for the organization through most of the year.

In a number of instances, programme activities which are at the very core of the Council's mission are not attracting enough direct contributions. Typically, such

activities are financed out of operating funds to cover the shortfall of programme funds.

Mr Christeler explained the implications of the year 2001 financial developments on the Council's Balance Sheet structure.

While available fixed assets (Land and Buildings) amply cover the related mortgage loan liability, this is not the case for other asset classes; namely, current liabilities exceed current assets by an estimated CHF 2.7 million; likewise, General Investment exceeds Programme-related liabilities by CHF 0.5 million which has been deemed to be too low to be sustainable in the long run.

This situation results in a structural distortion of the Council's Balance Sheet structure which must be addressed. The Council is currently engaged in negotiations with local financial institutions for a long-term mortgage loan. This facility is indispensable if the Council is to meet its programme commitments and short-term liabilities. The organization is now faced with having to use its borrowing capacity in order to avoid an outright sale of its real estate assets.

Mr Christeler introduced the "Consolidated budget for 2002", explaining that this is a new presentation of the budget under ABC principles, whereas previously all staff costs were represented in the operating budget along with general support. This is a transition period of the new system during which reports will aim to provide a true picture of the economic cost of running activities. Thus donors and contributors will understand that programmes involve an expenditure of time devoted to running the activities, removing the confusion of displaying operating costs which were not overhead but misallocated staffing costs. All designated income and some membership contributions (UDI) will be shown in the activity costs, providing full transparency.

In 2002, ABC operating costs were projected at CHF 10.677 million. An operating deficit of CHF 1.2 million was foreseen. Mr Christeler anticipated a draw-down on fund balances of CHF 5.9 million. He concluded his report with the observation that figures tell only part of the story. Each of these amounts hides a very difficult situation wherein staff have had to pick up an additional workload. The situation is unsustainable in the long run. The Executive Committee is requested to take this into account in its deliberations.

Fundraising Strategy

Michiel Hardon was introduced to give a presentation on fundraising strategy in the USA.

Mr Hardon reminded the Executive Committee of its responsibility to determine the WCC's direction in fundraising. The process is developing, and it is still possible to adjust policy directions. He noted that it is important for overall fundraising policy to be consistent, particularly in the USA.

An illustrated presentation demonstrated different aspects of the strategy on how to increase income through a variety of sources: membership contributions, traditional donors (churches and agencies) and non-traditional donors including foundations, endowments, on-line giving, and corporate social responsibility. The role of the US office in the USA was noted, especially the fund development office and the UN liaison office. It is essential that each part of the WCC be actively involved in fundraising. Coordination is an important focus because of the concern that the WCC and its member churches in the USA and elsewhere may approach the same funding sources; we must all act in cooperation rather than competition. The WCC has much to tell donors, but our weakness lies in lacking a good plan for fundraising and knowing how to communicate our strengths.

Observations and Discussion

The Moderator thanked both Mr Christeler and Mr Hardon. He noted that Mr Christeler's presentation gave a clear indication that we are facing a serious financial situation. Following prior discussion with the General Secretary and the Officers concerning the situation confronting the Council, the Moderator offered several observations:

1. This is a common responsibility we need to express together, and we need to reflect and act accordingly.
2. The present situation is not due to mismanagement but to the decrease in contributions and to the economic and global situation.
3. We have to face this situation together, not with alarm or panic, but with a sense of realism, confidence and faith.
4. We need to set a plan of action and must do it in this meeting. We have to be realistic and down to earth and maintain the integrity of this

organization, showing the courage to sacrifice certain things to save the greater whole.

5. A plan of action should be prepared for the next Central Committee meeting spelling out where we are and suggesting a process to be followed.

Konrad Raiser expressed his approval of the development of a clear strategy for fundraising. He underlined the need to look carefully at the three different outposts in the US and to see how they can interact with one another and with colleagues in Geneva. He said he would take this message to the US Conference the following week.

The General Secretary also called the committee's attention to that section in the financial documents regarding financial objectives in 2003-2005. Further information will be provided at this meeting so that the Executive Committee will have available the essential parameters to allow it to propose policies to the Central Committee for a financial plan for 2003-2005.

Clifton Kirkpatrick sounded a note of caution. He noted that in the US it is clear that churches and church organizations already have begun to move beyond the churches themselves to look for wider support. His own church was now in a position of having to cut back $5 million from its annual budget. The WCC's fundraising proposal is a long-term approach, so it is important for the US church to relate to these efforts; however, one should be realistic in one's expectations regarding immediate returns.

5. PROGRAMME HIGHLIGHTS

Kristine Greenaway, Geneviève Jacques and Sam Kobia presented the report on programme highlights since the last meeting.

Decade to Overcome Violence (DOV)

Four thematic foci for the Decade to Overcome Violence were identified in January: (1) the spirit and logic of violence; (2) the use, misuse and abuse of power; (3) issues of justice; (4) issues of religious identity and plurality. Reports from member churches indicate people are witnessing more and more signs of

local 'ownership' of DOV. In 2002, particular attention will be paid to Palestine and Israel.

Communication strategies are in development for DOV, including initiatives for alternative communication such as a "rap" CD and a video production. DOV has been reviewed within the context of the overall evaluation process of the WCC, and it was noted that recommendations from the Executive Committee would be important in setting the priorities for the WCC's role.

Inter-Religious Relations and Dialogue

Particular excitement was generated by the prospect of Christian-Muslim dialogue, including the potential proposal to the Central Committee of a public Christian-Muslim colloquium. There was discussion among members of means to raise the profile of the WCC and communicate the participation of the Council and its member churches both in interfaith dialogue and in campaigns for overcoming violence. Bishop Koppe noted that in Germany the churches have been forced to conduct a more critical form of dialogue with Muslims than in the past, and it is difficult for the WCC to have oversight of dialogue and DOV activities within the national context. The role of the WCC is one of coordination, leadership and inspiration, not least in challenging churches to take up their responsibilities in these areas. Bishop Zacharias noted that inter-religious violence took place at the grassroots level, so we need to expand our dialogue to include local dialogue as well as the leadership level.

The Rev. Y. Daba sought a way to combine dialogue and DOV, desiring to work with Muslim brothers and sisters on peace and reconciliation. The Rev. Inamar Correa de Souza was concerned that only 5% from Latin America are registered in the DOV database. She reported that DOV has been launched in Brazil, and studies are being produced there which could be put on the Internet and be of use to other countries. There was discussion of how to enlarge the database to reflect the full range of activity in churches.

HIV/AIDS

The HIV/AIDS Plan of Action was reviewed. Care is being taken to avoid overlap or duplication of efforts in working with the Ecumenical Advocacy Alliance, and the Executive Committee was asked for approval and guidance on implementation of the Plan.

Special Focus on Africa

The Special Focus on Africa recognizes three main challenges facing Africa today: the nation-state; violence (competing for resources); and HIV/AIDS.

Several points in the supporting documents were highlighted: African journalists were provided internships by the WCC over the past year to become more familiar with and provide media coverage of the working of international and ecumenical organizations; the All Africa Conference of Churches is re-imagining the ecumenical movement in Africa as it develops a response to the New Partnership for African Development (NEPAD); and a consultant has been engaged for the Focus on Africa Office. The Executive Committee is requested to reflect on this latter point, a time-defined consultancy, as a model for managing a council-wide initiative.

In the discussion, there was an emphasis on the role of the churches in speaking out and encouraging public debate on social issues and on the implications of HIV/AIDS for sexual education.

Review of WCC Engagement in Central and Eastern Europe

Key strategic questions were posed in light of the unprecedented challenges, the socio-political situation, the profound changes over the last decade, the ecumenical context and the challenges these present to the WCC. These questions also apply to the Conference of European Churches (CEC), churches in the region and other stakeholders. The WCC continues to seek ways of providing more of its literature in the Russian language.

In discussion, it was observed that the report of the Special Commission may lend additional insight in relation to the questions raised. Archbishop Nifon asked that close attention be paid to the rise of anti-ecumenical feeling in Romania and the rest of the region. Bishop Hilarion said he would support the need for translation into Russian. It is high time for Russian-speaking people to know about the positive aspects of the WCC's work in Eastern Europe. He underlined the importance of improving the level of theological education in Eastern Europe and suggested that one of the best ways would be to send students to the West to study in ecumenical settings and institutions. Ms Jana Krajciriková noted that the main problem in the Czech Republic was the very passive role of WCC member

churches. They do not have a sense of ownership of the WCC's agenda. They are reactive, not pro-active, she said.

Dr Lee cited the example of CCA work in Asia, asking how ecumenical work is coordinated in Europe. Dr Raiser responded that all activities and resource sharing in Europe, and particularly in Eastern Europe, were coordinated with CEC. There is a WCC/CEC regional planning committee which promotes a division of labour and is not intended to be permanent. An ongoing evaluation is identifying churches' roles in light of the changed situation in Europe over the past decade.

Ecumenical Study Document on Racism

A full draft of the Study Document on Racism is planned for the Central Committee meeting in August. A proposed outline was presented to the Executive Committee for discussion and guidance.

Dr Clifton Kirkpatrick noted that racism as a church-dividing issue has been a long struggle in the US, and hoped that this element would be reflected in the study document. Bishop Young recalled that the United Methodist Church in 2000 had engaged in formal acts of contrition and repentance, not just at the highest level but also in local congregations. The WCC could model this as a paradigm for encounters with other faith communities and world religions, for dialogue, interaction and reconciliation. The Moderator drew attention to other dimensions of racism: intolerance, poverty, human rights, and differences not just of colour.

Dr Kobia said the WCC hopes to share a final draft with the Officers when they meet in June, and possibly with the Executive Committee, to receive reactions before submitting the document to the Central Committee. The General Secretary raised a concern about the timing and the technical difficulties of receiving comments, revising the document and re-sending in time for the Central Committee meeting. He felt the document could benefit from feedback from the Executive Committee. He underlined that this is a study document, not a policy document, so the Central Committee is not being asked to adopt it but rather to commend it to the member churches.

Faith and Order

Apart from the report of the Commission meeting, this presentation focused on preparation for the plenary sessions at the Central Committee meeting. Planning is also afoot for the next Faith and Order Plenary Commission in 2004, and Christian-Muslim dialogue will be part of the preparatory process. Dr Kobia reported on the planning committee for the 75th anniversary of the First World Conference of Faith and Order in Lausanne. He underlined the close cooperation with other teams in the house which has enriched the work of Faith and Order. The Moderator expressed appreciation for this spirit of cooperation across organizational lines.

Communication and Information

The WCC's strategy of communication is to work with existing networks and to help develop others, to make visible the life and work of the WCC and encourage theological reflection. The presentation described Communication teams' involvement in different aspects of the WCC's work. In response to the Executive Committee's request at its last meeting, efforts are being made to encourage income generation through the sales of publications and visual arts products.

The legacies of Marlin VanElderen and Jan Kok live on. There is a deep sense of loss felt by Communication colleagues and all WCC staff at the recent death of Jan Kok, publisher of WCC Publications and former director of Communication. Until the last, he had continued to contribute to the work of Communication with advice and counsel, and he will be sorely missed.

In the discussion, Bishop Young, the Moderator and the General Secretary explored questions concerning the new generation of ecumenists and theological formation, so critical for the life of the WCC. It was suggested that youth should be a focus of attention in a future meeting of the Executive Committee and possibly the Central Committee. This focus might touch on the youth office, Communication, interns, Bossey, scholarships programmes, EEF, ecumenical formation. The Moderator recommended that this focus be suggested for as early as 2003, and a formal request be put to the Central Committee in August. He concluded this portion of the agenda by thanking the three directors and their colleagues for their report on programmes.

6. SPECIAL COMMISSION ON ORTHODOX PARTICIPATION IN THE WCC

Yorgo Lemopoulos, the Deputy General Secretary, presented this document. He referred to the third plenary held in Hungary and to plans for the fourth plenary to be held at the end of May in Finland. It is expected that the Special Commission will present its final report to the Central Committee in August. He noted the need to communicate the work of the Special Commission, especially with ecumenical partners. There has been intense information sharing and dialogue with WARC, LWF and CEC.

He indicated that the document presented to the Executive Committee at this meeting is not the final report of the Special Commission but gives an indication of where the Special Commission is going. It could well lead to a new model of institutional culture. The Spirit is moving the Special Commission in the direction of affirming the fellowship of the churches as its key hermeneutical principle. The Special Commission constitutes a natural follow-up to CUV. The best proof is the fact that the Special Commission is in a position to own together what is in the document. In Hungary it was read twice in plenary and accepted by consensus.

Discussion

In discussion, Archbishop Nifon said that the plenary in Hungary was the first time where agreement had been achieved and that from being very pessimistic he was now optimistic and realized that there was great constructive potential in the Special Commission. There had been serious commitment of all the participants. He stressed the concept of consensus decision-making and would be disappointed if the plenary in May or the Central Committee would change substantially what has been done.

Bishop Koppe, recalling the task of the Special Commission, noted one point has not been solved - how we can pray or worship together. If we cannot pray together we cannot stay together. He agreed with Archbishop Nifon on the positive results overall but hoped for a step further in May on 'praying together'.

Bishop Hilarion pointed to three areas in which he believes the WCC will be changed constructively. In decision-making, the Special Commission recommends consensus. Second comes the proposed standing committee with parity of participation; he invited support of this recommendation of 6 Orthodox and 6 non-

Orthodox members, envisaged as a body where each would be on an equal footing. Thirdly, there is the new definition on participation in the Council, the notion of membership. He felt that so far the Special Commission had failed to provide a breakthrough on this important issue. Orthodox churches have difficulties with membership. The system seems outdated and should be replaced with another definition of participation of churches in the Council. There are two possible solutions: introduce a new status of observers or affiliated or associate churches, or the more radical proposal in the report on membership which is an important addendum to the work of the Special Commission. The language of 'membership' should be replaced by a language of 'affiliation' or 'association'. He understood that there would be concern, but the language of "membership" has biblical implications and causes problems for the Orthodox.

The Rev. Y. Daba said that at the most recent meeting of the Special Commission, participants went into details on consensus, ecclesiology, common worship and the membership issue. This time those who participated were able to say "we can work together and stay together in spite of differences". He looked forward to the presentation of clear and concrete proposals to the Central Committee.

Bishop Zacharias noted the aim was to have a more effective and meaningful participation of the Orthodox in the WCC. Ms Jana Krajciriková said she was unable to be present at the last meeting but had read the report with interest. She was more optimistic than before and took a positive view of the concrete proposals. Father George added that he had been very pessimistic at first but now was thinking in terms of the reconstruction and re-birth of the WCC.

The Moderator, addressing the members of the Special Commission, said they have been saying they started this process as two groups talking to each other and came to realize that they are indeed part of one group, members of the WCC looking at common concerns and how to reshape the WCC. He saw this as a very positive development, though more clarity is needed on certain principal issues. Finally, he noted, a distinction should be made between the structural organization and the fellowship of churches. The first can be modified, but with regard to the integrity of the fellowship care has to be taken that any change is not a backward step. The essence and integrity or credibility of the fellowship is at stake.

The General Secretary identified points the Programme Sub-Committee may want to consider in order to identify follow-up procedures:

- Guidelines on common prayer are an absolute necessity. The Special Commission should undertake to translate the tentative agreement into guidelines. The Programme Sub-Committee should reinforce this.
- The nature of the proposed Standing Committee requires further work.
- There will have to be a revision of the Rules and possibly of the Constitution. What recommendations will be given to the Central Committee for follow-up? It is not for the Special Commission but for the Executive Committee to recommend an orderly procedure for follow-up.

7. MEMBERSHIP STUDY GROUP

Hubert van Beek presented the second report of the group coming out of the meeting in Hungary in November 2001. He said that the document does not yet contain recommendations for formal approval; these will come at Central Committee. He hoped the Executive Committee would confirm these directions or give guidance if work has to be re-oriented.

The work of the group at the beginning of February was informed by the survey of new member churches since 1975. There are a number of relatively small member churches with a membership between 25,000-50,000, and it will be recommended to increase the minimum number of members to 50,000.

The Membership Study Group has worked for closer fellowship within the Council and in the light of the vision of the CUV. It has explored different membership models, the language of fellowship and terminology of membership. The group is preparing a new terminology, such as 'churches in fellowship', to open the possibility of churches being part of the fellowship but not full 'members'. The next stage will be for the group to spell this out and submit a recommendation in August 2002.

Guidance from the Executive Committee will be needed on the new criteria as to whether they should apply only to new applicants or involve existing church members who would reaffirm their membership. There is nothing in the Rules about procedures to exclude or suspend member churches, but there could be in the governing structures a body to look at applications and bring proposals to governing bodies.

Discussion

Dr C. Kirkpatrick expressed appreciation for the group's work but also voiced concern for communions which would not identify themselves as credal churches. He felt we have to be careful in seeking to develop criteria not to exclude other forms of churches. He noted the need for care in language that could raise potential barriers.

Dean A. Gadegaard felt the suggestion of different methods of relating to WCC through regional or confessional families was good but was concerned not to exclude small churches as long as they relate to regional or confessional bodies. His second concern was about churches in 'association' with the fellowship. He would like to see a way of avoiding different levels of partnership, which could be an excuse for some churches not to see themselves as fully committed. The Rev. Y. Daba wondered whether the group had looked at the legal aspect of a loose association and membership indicating a more binding aspect.

Fr. George expressed concern about the use of the term fellowship. In the Indian language the word connotes Pentecostal churches. He would propose to maintain the word membership.

The Moderator said this was a very solid, substantive document though there are problems which will need clarification; e.g., geographical and confessional groups. We cannot ignore the history of ecclesiastical developments at the heart of the life of the church. Flexibility is needed. In addition, financial implications have to be taken seriously. That point needs elaboration in the document.

Konrad Raiser noted that there was a substantial section in the CUV policy related to implications. This document refers to the CUV. In the final report it will be important to make this more visible with a further elaboration of the ethos already expressed in the third chapter of the CUV. As we revise the Rules further, this will become evident. The approach to groupings should not be either/or, confessional or geographic. The most challenging part of the document is the call to make fellowship visible in the local context. So while giving full recognition to historical links, this study must not serve as an excuse for not living together in fellowship on the local level. This is most significant and could have long-term effects on NCCs, REOs and their relations with the WCC. An essential stage in further working out relationships will have to involve our ecumenical partners. We have here a new ethos and institutional culture for the WCC instead of

copying secular institutional models. We can fill this framework with our own distinct notions of what it means to live in fellowship.

Dr Lee saw the inter-relation of the Special Commission report and the report on membership, but had some reservations about changing the terminology of membership to fellowship. He felt it weakened the responsibility and accountability of member churches. He also saw problems of grouping according to confession or geography. He noted the different situation in Korea to that in Europe, and was concerned that each proposal be evaluated very cautiously, step by step, taking into account different situations and frameworks.

Note was taken of the comments made. The report was to be discussed further in the sub-committee. Hubert van Beck said that he recognized that there was still a lot of homework to be done by the Membership Study Group on the problems of other cultural contexts, languages and meanings. He noted the reference to CUV Section 3. He also noted that it has been agreed not to accept new members this year before this procedure has been concluded.

8. SEARCH COMMITTEE

Konrad Raiser began discussion of the document on a Search Committee for the next General Secretary by referring to the minutes of September 2001 and the three steps defined then: the Central Committee is to elect 10 members; the two Vice-Moderators of the Executive Committee are to be ex officio members as that committee selects an additional 6 members; and the Executive Committee is then to choose/appoint a moderator of the 18-member Search Committee.

Dr Raiser noted that Executive Committee had wanted more guidance on appropriate balances. The Officers considered what might be the framework, using the composition of the present Executive Committee as criteria and trying to reproduce similar representation. It is intended that the election take place early during the Central Committee meeting in August 2002 so that the Search Committee can have its first meeting during the Central Committee. Dr Raiser pointed out that the election process in the Central Committee is defined in the Central Committee minutes. A ballot paper should be designed with 10 slots. Each member is free to make his or her own decision. The process should be as open and participatory as possible. It was agreed that the document will be **referred** to the Staffing and Nominations Sub-Committee **for further discussion**. That sub-

committee will also receive the General Secretary's job description with the list of qualifications.

9. WCC STAFF RULES

Yorgo Lemopoulos introduced the document. The Executive Committee had been kept informed on the efforts of staff to review the Human Resources policy in line with the new programme and management structure of the Council. These changes have implications for the Staff Rules and for WCC Rule IX.3.B.

Konrad Raiser noted that there was only one substantive change; the Executive Committee would retain responsibility to appoint programme staff; Central Committee would retain authority to elect the members of the Staff Leadership Group; however, the General Secretary would be responsible for appointing specialized staff. He noted that this does not change much in practice as there are only a limited number of specialized staff with remuneration and status on a level comparable to programme staff. This change facilitates a more flexible response to conditions on the local employment market.

The document was **referred** to the Staffing and Nominations Sub-Committee.

10. ACTIONS ON PUBLIC ISSUES

The Rev. Dwain Epps presented the documents on Public Issues. He pointed out how interconnected many of the actions taken were and highlighted the integrated approach to the work of the Council which meant that many colleagues and sectors were involved. He pointed to the description of follow-up of actions taken by the Executive Committee at its last meeting.

In reviewing efforts in Africa, he noted an item not listed: the recent news from Ethiopia and Eritrea on visits between church and religious leaders which was a very encouraging development. On Europe, he drew attention to the report in the document on "Programme Highlights", and the extensive work with the team on Regional Relations. He noted the imminent publication of a report on Chechnya.

Discussion

The General Secretary welcomed at this point the Rev. Holger Lam, General Secretary of the Ecumenical Council in Denmark.

In the discussion which followed, Bishop Masango noted the need discussed at the last meeting to be prepared to offer hospitality following the elections in Zimbabwe, as heads of churches may come under pressure. Bishop Zacharias queried why the document made no mention of the India-Pakistan border dispute.

Participants remarked on hopeful signs for the churches and peoples of Ethiopia and Eritrea, Sudan, the Moluccas and South Sulawesi.

The Rev. D. Epps drew attention to a number of documents available for perusal: Prayers for peace in Jerusalem; Actions of WCC in respect of Israel/Palestine; Report on Ecumenical Accompaniment Programme in Palestine and Israel (EAPPI).

Dean A. Gadegaard queried the status of requests for volunteers. Mr Epps explained there was a slight delay as people at the consultation in February felt the need to slow down to allow local communities to catch up with international bodies. They needed more time to organize reception and coordination processes on the ground, and hoped this would be the case by April.

Bishop Zacharias noted that in spite of efforts at former Central Committee and Executive Committee meetings, the situation had been getting worse. What actions are now envisaged? What were the possibilities through the National Council of the Churches of Christ in the USA (NCCCUSA) to put pressure on the US administration to say "enough is enough"? Rev. D. Epps said that just because the deployment of accompaniers has been delayed does not mean that no action has been taken. A whole range of non-violent activities and symbolic actions have been undertaken. The WCC has been working closely with the NCCCUSA and its partners, issuing statements and lobbying in Washington. Bishop Young confirmed the consistent posture of the NCCCUSA towards the Middle East. He may be part of a delegation accompanying the General Secretary in an act of affirmation in April. Unfortunately, efforts towards the US government have not met with the same degree of success. Dr C. Kirkpatrick added that the ecumenical community has far less access to the current administration than the previous one. The deepest challenge is the need to educate the people. Fr L. Kishkovsky, with

reference to the delegation mentioned earlier, saw the need to ensure the right mix of religious leaders. The response to the invitation has been a bit unbalanced with, for once, not enough Protestants. He hoped energy could go into raising the profile of the delegation.

Ms C. Karagdag appreciated the report on the Philippines but wanted to add that American troops were concentrated in Mindanao as part of the overall geo-political policy of the USA, not just because of the Muslim secessionist movement. This is an oil-rich region close to other oil-rich countries, and geographically is placed on vital trade routes. She saw the need for cooperation between the NCCP and WCC on the US military presence in the Philippines.

The General Secretary summed up by saying time should be taken to consider the appropriate next step for the WCC, how to promote discernment, create an opportunity for this to take place with the churches in the USA, leading beyond a simple expression of solidarity. He hoped the Programme Sub-Committee and the Public Issues group could prepare a recommendation for action. It was not the point to make public utterances but to find ways of deepening our spiritual discernment to formulate a witness to the world.

On the recommendation of its Public Issues Sub-Committee, the Executive Committee subsequently adopted a "Minute on Public Issues" (see pp 35-37).

11. RELATIONS WITH CONSTITUENCIES

H. van Beek presented the document on constituency relations. In referring to the 'Living Letters' visit to the US, he noted that one Executive Committee member was part of the team - Rev. Septemmy Lakawa - and other members were on the receiving end in the US. Deputy General Secretary Yorgo Lemopoulos accompanied the team. Feedback had been very positive and it was felt the visit had made the fellowship come alive and could be seen as a model of action for the future.

He pointed to other elements in the document including efforts to follow up on visits (for example, the General Secretary's visit to Bangladesh), and preparations for an important June consultation of 60-70 representatives from Christian churches and organizations to discuss the viability and potential of the Forum and the possibility of moving forward on a Forum event. A grant has been provided by

the Council for World Mission. The Continuation Committee would have to take action on future plans.

Discussion

Fr L. Kishkovsky, with reference to the 'Living Letters', affirmed on the basis of his experience the intent and results of the group. To the best of his knowledge this had not been reported in the US media apart from a few church-related publications and so to all intents and purposes it was as if it had not taken place. The encounters were meaningful, and he was disappointed that the story had not been told. Ms K. Greenaway said that at the time the advice given to WCC Communication was that this should be low profile as it was a time of mourning. Fr Kishkovsky also affirmed the 'Behind the News' initiative and said it had been very much appreciated by those who received it. From the point of view of Action by Churches Together (ACT), of which he was then the co-moderator and now the moderator, he had been very happy to see this engagement with ACT/EAA and WCC.

Rev. Y. Daba noted that in the aftermath of 11 September, many questions are being asked in the US about the Koran with people seeking information on the theological expressions and beliefs of Islam. Bishop Young said these were teaching moments in the life of the global community and an opportunity to bring together the collective wisdom of communions and persons to be informed. Fr L. Kishkovsky noted that we need to communicate our fundamental conviction of the possibility of dialogue. Konrad Raiser underlined the proposal for a highly visible Christian-Muslim encounter with public teaching appeal.

The Rev. I. Correa de Souza said that following 11 September there had been much concern in Brazil about Muslim traditions and ideas. The media fostered exchange and dialogue between Muslim leaders and the public, explaining Muslim words like Jihad and responding to people's concerns. She felt that we needed to take this example and not wait for an international gathering but rather take the initiative to explain concepts within our communities.

12. WCC TEAMS AND PROGRAMMES MID-TERM EVALUATION

Yorgo Lemopoulos introduced the document describing the evaluation undertaken at the mid-point between the last and the next assembly. WCC staff are involved

in an intensive planning exercise. This document is intended to keep the Executive Committee informed of the current situation and where we plan to go. Staff are working very hard on the three-year plan for 2003-2005.

Mr Lemopoulos highlighted these points :

- Building on the experience of the first cycle of three-year planning, staff are trying to limit the number of programme blocks of WCC activities. The aim is to have an important tool which will facilitate planning for the Executive and Programme Committees, provide the framework for reporting, and facilitate the work of our IMD colleagues to enter into a 'marketing process' with a limited number and more manageable volume of programmes and activities.
- It is important that the programme planning exercise be accompanied by careful financial planning. Plans have to include cost projections so we can enter into a more direct dialogue with funding partners, establish a new relationship with them and obtain pledges for three-year periods instead of year by year.
- This will provide the Staff Leadership Group with a tool to check, measure and assess every activity and programme priority with existing funds and fund balances, staff time and costs. We are in a phase where we have to balance existing financial resources against our programme and activity staffing resources.
- The planning process will be finalized by the time the Round Table meets in April with the funding partners and the core group of the Programme Committee so they can report to the Central Committee's Programme Committee and request their final decisions.

With the first three-year cycle coming to an end, staff feels the obligation to reflect on what is behind, assess what has been done and build on what has been learned. The document summarizes the internal staff evaluation process so far. No outside expertise was used. The Executive Committee may want to consider how much of this document should be shared with member churches. Staff is anxious to manifest its accountability to the member churches. Any advice on the phases in the evaluation that are still to be completed would be welcome.

Discussion

Dean A. Gadegaard expressed appreciation. He felt it provided a very helpful insight into the work of the WCC and appreciated staff's transparency and

openness to self-evaluation. He also raised several concerns: he noted that it is important that staff be well equipped and not pushed to the limits, and asked how the next evaluation phases will be done before the Central Committee meeting in August. He queried what was meant by the involvement of consultative and governing bodies and what would be the time frame of a more complete evaluation and whether it would be an external evaluation.

Archbishop Nifon praised the document and its transparency. His queried what was meant by 'external evaluation team visit' and also the need to review the language policy.

The Moderator said that at the Officers' meeting it had been proposed to share the document with the member churches so as to make them part of the process and make them aware of what is done for and with the churches. He noted also that in setting the plan of action our financial situation must be taken seriously. He expressed deep appreciation for the self-critical assessment of our work together.

The Deputy General Secretary responded to the queries. The most fundamental problem is that staff are overwhelmed and working far beyond what should normally be expected of them. There is a limit to how much operational expenditure can be cut and staff still be asked to maintain the same level of activity. A positive element in the planning exercise is the use of Activity Based Costing (ABC) which shows how staff time is used. It has to be noted that 10% of staff time is put aside to serve institutional needs so that in planning activities staff know that they should plan over 10 months, not 12, allowing for one month holiday and one month for Council work. Taking these elements into account helps the staff to plan differently. For example, the fact that in 2005, 20% of staff time will have to be put aside for planning the assembly has also been taken into account.

Reflecting Central Committee priorities, the Executive Committee took a decision last September to have a core group of the Programme Committee meet prior to the Central Committee. Their meeting will coincide with the Round Table in April. The reduced 'blocks of programmes' mentioned earlier will also facilitate their work and decisions. It will then be the responsibility of the commissions, advisory groups and staff to deal with the implementation of these.

Concerning external evaluation, staff had wanted to count on its own resources in the first phase of the evaluation, but there was a desire for a critical eye from

outside. After discussion at all levels, it was concluded that a few people should be invited from outside - not professionals but people who know WCC's work - so it is planned to ask three people very close to the Council to come during the Week of Meetings this Spring to help conclude the evaluation.

In regard to expressed concern about language policy, this came out of the self-evaluation of Communication staff. The concern is at three levels: pressures of time and budget; working with four working languages but groups cannot always pay for translation or interpretation services which limits the ability of people to participate fully; and a reminder of the need for Russian. There is also the category of working tools for non-official languages such as Arabic and Greek and allocating the necessary services through, for example, computer services.

13. DRAFT AGENDA FOR CENTRAL COMMITTEE, GENEVA, 26 AUGUST – 3 SEPTEMBER 2002

Konrad Raiser introduced this item and pointed to several major plenary discussions: the Programme Report and Special Commission, and the Faith and Order plenaries on ecclesiology and baptism in the context of the celebration of the 75th anniversary of Faith and Order. Special emphasis will be placed on this, and the Executive Committee has received an outline of the possible shape of these plenary sessions.

Two other topical plenaries are planned on (1) Asia as the regional focus, and (2) the Ecumenical Study on Racism.

The Executive Committee will meet all day Friday and on the Saturday morning prior to Central Committee. On Sunday, 25 August there will be a special service and programme in Lausanne to commemorate Faith and Order's 75th anniversary.

The Deputy General Secretary noted that it is anticipated there will be a Programme Committee meeting before Central Committee, probably on Thursday with everyone together, after which some will go to the Executive Committee meeting on Friday and Saturday morning, and the Programme Committee meeting will conclude on the Saturday afternoon.

A meeting of the Executive Committee is planned during Central Committee for the Search Committee process, on 29 August.

Discussion

Ms C. Karagdag observed that the time slot for the plenary on Asia was shared with Public Issues, and she expressed concern that the time would be too short. The General Secretary replied said that the item on Public Issues was a formal act announcing the agenda on Public Issues for that sub-committee. Central Committee members then have 24 hours to make additional proposals before the final recommendation on the agenda for Public Issues. On reflection, Dr Raiser felt time might be a bit too short between Monday and Tuesday and proposed to shift this item, which should not take much time, to the late afternoon session on Wednesday, just prior to the Ecumenical Study on Racism plenary. He noted also that it related more organically to that agenda item.

A concern was raised about the length of time of the meeting, looking at the agenda with two weekends and one and a half days off. Could Central Committee not start mid-week to avoid two weekends? The General Secretary responded that Central Committee used to start on a Thursday. Changes were motivated by the need to have time between plenary sessions and reports of committees, and that translations had to be done in the free days of the weekend so that documents were available in time for decision-making. The Central Committee meeting is shorter than it used to be. One could reduce it further, but it would be necessary to remove items from the agenda.

Dr Raiser requested that any concerns be communicated either in the Programme Sub-Committee or the Staffing and Nominations Sub-Committee, and if no other concerns are raised then **the agenda will be reviewed and finalized at the Officers' meeting.**

14. REPORT OF STAFFING AND NOMINATIONS SUB-COMMITTEE

Following a closed session, the following report was made in relation to recommendations of the Staffing and Nominations Sub-Committee.

Appointments

The Executive Committee authorized the General Secretary to proceed with the following appointments and contract extensions, the legal obligations of the

World Council of Churches to be binding only from the actual signing by both parties of the corresponding contracts or contract extensions.

Communication, Public Information: **Rev. Olivier Schopfer** (Switzerland, Swiss Protestant Church Federation) as Senior Web Editor for four years, as from 1 March 2002.

Cluster on Relations, International Relations: **Mr Peter Weiderud** (Sweden, Church of Sweden) as Programme Secretary/Team Coordinator for four years, as from a date to be mutually agreed.

Contract Extensions

All the contract extensions listed below are for three years unless otherwise stated.

Bossey, Ecumenical Institute: **Rev. Dr Faitala Talapusi** (Samoa, Congregational Christian Church in Samoa), Professor from 1 May 2003.

Cluster on Issues and Themes, Education and Ecumenical Formation: **Rev. Simon Oxley** (UK, Baptist Union of Great Britain), Programme Secretary/Team Coordinator from 1 May 2003.

Cluster on Relations, Directorate: **Ms Geneviève Jacques** (France, Reformed Church of France), Cluster Director from 1 November 2003, to be confirmed by the Central Committee.

Death Announcement

Communication, Publications and Documentation: **Mr Jan Kok** (Netherlands, Reformed Churches in the Netherlands) deceased on 7 February 2002.

For Information
(Actions by Officers' Meeting, December 2001)

Appointments

General Secretariat: **Rev. Sabine Udodesku** (Germany, EKD) as Executive Secretary for four years as from an agreed date.

Communication, Publications and Documentation: **Rev. Theodore Gill** (USA, Presbyterian Church USA) as Senior Editor for four years from an agreed date.

Vacancies

Communication, Publications and Documentation: Publisher
Cluster on Issues and Themes, Education and Ecumenical Formation: Programme Executive

Departures

The following staff members will retire from the staff of the World Council of Churches on the dates indicated.

Communication, Publications and Documentation: **Mr Pierre Beffa** (Switzerland, Roman Catholic Church), Director, Library, on 31 December 2002 (early retirement)
Cluster on Relations, International Relations: **Rev. Dwain Epps** (USA, Presbyterian Church USA), Executive Secretary, on 31 August 2002 (early retirement)

Consultants

The following consultants were appointed by the General Secretary since the last meeting of the Executive Committee in September 2001.

Cluster on Issues and Themes, Justice, Peace and Creation: **Ms Athena Peralta** (Philippines, United Church of Christ in the Philippines), Consultant on Women, Economy and Rural Development, for one year from an agreed date.
Cluster on Issues and Themes, Directorate: **Rev. Dr André Karamaga** (Rwanda, Presbyterian Church in Rwanda), Consultant, Focus on Africa, for one year from an agreed date.

The following contract was extended for two years:
Cluster on Relations, Regional Relations: **Mr Miroslaw Matrenczyk** (Poland, Polish Orthodox Church), Consultant, Eastern Europe, from 1 January 2002.

The Executive Committee **authorized** the Officers to act on appointments which require decisions prior to the next meeting of the Executive Committee.

Nominations

After the report of the closed session, the following recommendations were discussed and actions taken.

It has been recommended that:

- Bishop Rolf Koppe be nominated as a member of the Central Committee in place of Bishop Wolfgang Huber.
- Metr. Gennadios of Sassima be nominated as a member of the Central Committee in place of Fr. Dr Georges Tsetsis, pending receipt of the official communication from his church.
- Rev. Dr Elisée Musemakweli be nominated as a member of the Central Committee in place of Rev. Dr André Karamaga.
- Bishop McKinley Young be nominated as Moderator of the Finance Committee.

The Executive Committee decided that **all four of the above recommendations should be put to the Central Committee for approval.**

It was further recommended that

- Rev. Ofelia Ortega be appointed as a member of the Core Group of the Programme Committee in place of Mr Hildo Bos.
- Rev. Dr Dagmar Heller and Rev. Myra Blyth be appointed as members of the Advisory Group on Church and Ecumenical Relations in place of Rev. Tim Kuschnerus and Rev. Ian Murdoch-Smith, respectively.
- Rev. Dr Lesley Anderson and Rev. Paul Goodliffe be appointed as members of the Joint Consultative Group with Pentecostals in place of Rev. Carlos Ham and Rev. David Coffey, respectively.

In response to a question from Marion Best about Orthodox balances, the General Secretary explained that, as there were no other potential Orthodox candidates to propose, it was recommended to appoint Rev. Ofelia Ortega.

It was further recommended that

- the nominations for replacements on the Standing Commission of Faith and Order be forwarded to the Central Committee for appointment as presented;
- the present members of the Board of the WCC Pension Fund representing the WCC as employer; i.e., Mr. Jean Fischer, Dr Gottfried

Locher, Fr. Dr Georges Tsetsis and Rev. Dr Wesley Granberg-Michaelson, be re-appointed for a second term of three years beginning in March 2003.

Fr. Dr Georges Tsetsis has confirmed his willingness to continue to serve on the Board of the WCC Pension Fund as this position has nothing to do with the relations with his church. The Executive Committee agreed that they had every reason to request him to continue.

All the above recommendations were approved.

Revised Staff Rules

The text of the Staff Rules was approved as revised.

Search Committee

The discussion at Executive Committee in September 2001 was noted (Minutes, p.68) concerning the agreement to maintain current procedures. The balances proposed by the Officers are affirmed. The document will be brought to the Executive Committee for review in August before forwarding to the Central Committee.

No recommendation is being made at this point regarding the job description, criteria of qualifications and vacancy notice. The Executive Committee will review this in August 2002.

To ensure balances on the Search Committee there will be 10 members elected by Central Committee, 6 appointed by the Executive Committee, and the two Vice-Moderators will also serve on the Search Committee. Guidance on how members of the Central Committee may choose the 10 candidates for membership in such a way as to achieve appropriate balances shall be given to allow for mutual consultation before they fill in the ballot.

The Search Committee procedure was approved.

Towards the Ninth Assembly

The Moderator noted that we were just beginning the reflection process and proposed to give the green light to the General Secretary and staff to start the process. In response to a query about the proposal to investigate possibilities of holding the assembly in Brazil and Cyprus, it was confirmed that no invitation had come from either of these countries so far.

Regarding the number of expected delegates, Dr Raiser said that at previous assemblies, numbers had oscillated around 900. A slight change of wording in the first paragraph "and other participants and would **thereby reduce costs**" was **agreed**.

The report was **adopted**.

15. A MINUTE FROM THE PUBLIC ISSUES COMMITTEE

Archbishop Nifon, the Moderator of the ad hoc Public Issues Committee, requested Dwain Epps to read a Minute on Public Issues which the committee was offering for approval. It was explained that the Public Issues Committee had prepared a Minute, not an action, which it was proposed to put verbatim in the Minutes of the Executive Committee. It was noted also that this was a Minute which could be quoted.

Following the reading of the Minute, there were a number of comments. These were taken into consideration as a revised draft of the Minute was prepared.

The Executive committee **adopted** the following Minute on Public Issues:

MINUTE ON PUBLIC ISSUES

The Executive Committee received with appreciation the report on Public Issues provided by the Coordinator for International Relations. It summarized the extensive WCC efforts in many parts of the world during the period since the last meeting to support churches whose people are caught up in situations of internal

or international conflict. The report paid particular attention to the increasingly violent Palestinian-Israeli conflict and to the deeply troubling global trends resulting from the US-led response to the terrorist attacks of 11 September.

The Palestinian-Israeli Conflict

Appreciation was expressed for the intensive work done to follow up the decisions of the Executive Committee at its last meeting on the 2002 Ecumenical Campaign to End the Illegal Occupation of Palestine engaged in the context of the Decade to Overcome Violence, and in developing the Ecumenical Accompaniment Programme in Palestine and Israel (EAPPI). It was particularly gratified by the leadership being provided by the Heads of Churches in Jerusalem, and by the extensive consultations held by staff with them, the leadership of the MECC and member churches and ecumenical partners actively involved. Given the urgency of implementing the EAPPI, it urges churches and ecumenical partners to move rapidly to committing funds to the WCC Fund for the Ecumenical Response to the Palestinian-Israeli Conflict established to enable this process.

Global Trends emerging in the post-11 September Environment

The Executive Committee recalled that its last meeting was in session on 11 September when the tragic news of the attacks on the World Trade Center in New York City interrupted its discussions. The WCC's public witness in the period since then was reviewed, and a discussion held on the alarming, complex and interwoven trends in international affairs brought about by the US-led 'war on terrorism.' Particular concern was expressed about the unilateralist and self-centered approach of the USA, its unprecedented military expansionism and the general stagnation of international diplomacy that had resulted.

The WCC and many of its member churches had called upon the USA to avoid a reaction that would inflict upon others suffering as well. The Council had reiterated the First Assembly's abhorrence of war and called for a time of careful discernment to determine what was the wisest path to take. It also recalled the aims of the Decade to Overcome Violence, urging that the path of non-violence be followed.

The CCIA had convened the 'Beyond 11 September Consultation' late last year in Geneva to engage church representatives from the most directly affected regions of the world in dialogue and analysis of global trends and a process of

discernment on their implications for the ecumenical fellowship. US church representatives there asked the WCC to assist them in continuing this process of discernment among the churches in their own context. Given the urgency of the present situation and the critical role these churches now have to play, the Executive Committee asked the CCIA to convene such a consultation in the USA with leaders of churches living and witnessing in their own nation and their counterparts from other parts of the world. The meeting should provide an opportunity for those responsible for the churches to further the process of discernment engaged in Geneva, seeking insights on what the faith requires in such a time.

A report on the findings of that consultation should be given to the next meeting of the Central Committee.

Report on Action by Churches Together (ACT)

Fr L. Kishkovsky drew the Executive Committee's attention to copies of the report of the two co-moderators of ACT which were now available. He noted that Christian Balslev-Olson has now gone to Eritrea for the Unesco country programme and L. Kishkovsky is now the sole moderator of ACT. He wished to say a word of appreciation for Christian Balslev-Olson who has been a vital leader in the development of ACT, and particularly wanted to say it here in his country and in the presence of representatives from Danchurchaid and the Church of Denmark.

16. REPORT OF THE FINANCE SUB-COMMITTEE

The report of the Finance Sub-Committee was presented by the sub-committee's Moderator, Bishop McKinley Young.

Following discussion, certain passages of the report were revised before their adoption.

Discussion

- Concerns were expressed about the possibility of a sale or a mortgage of WCC property. What was urgently requested was to get a budget in realistic relation to the WCC's financial capabilities.

- K. Raiser explained the problems of cash flow, the impossibility of drawing on the investment portfolio. In view of this the proposal is to get liquidity from another part of the WCC's assets. Many investments were restricted to particular programmes.
- R. Christeler confirmed this was the case. After a drop of over 30% in the value of the investment portfolio, there was barely more than CHF 500,000 in programme funds. Under normal circumstances, the WCC would sell its investments, but we have been advised not to do this. Therefore it is a question of putting our prime assets to work. He agreed that it was not a totally orthodox approach, but if there is a clear plan to reimburse from future surpluses, this is a responsible decision. Earliest repayments would be done in 2003 - not on the 2002 budget.
- A. Gadegaard said the Finance Sub-Committee had discussed the prudence of taking out a mortgage but felt there was no alternative. Investments are restricted to endowment funds and designated programmes.
- C. Karagdag, as a member of the Finance Sub-Committee, wanted to register a dissenting opinion about staff reductions. She agreed that the circumstances were dire and that reductions were inevitable, but would have preferred greater latitude on when staff reductions should be completed and under no circumstances would she want such a drastic measure to affect the integrity and effectiveness of the WCC to respond to the minimum needs of the constituency.
- R. Christeler wanted to signal, concerning staff reductions, that there is not yet accurate data to incorporate staff redundancies in the budget. It is at present impossible to say how much it will be. The amount would therefore appear as an extraordinary unbudgeted amount as it did for the Early Retirement Package in 2001. This should be noted.
- The Moderator noted disagreements within the Executive Committee concerning the plan for staff reductions. The Executive Committee **agreed** that this should be a topic of further conversation by telephone and e-mail among the Officers and the WCC's finance officers.
- The amount of CHF 400,000 to cover activities was part of accounting procedures and discussions with partners, and the amount had been accepted believing that it will be covered by activity money.

R. Christeler said that, to avoid further unclarity, it must be understood that the intentions of the recommendations were (1) to plan to reduce non-binding non-staff costs; (2) separately and in addition, to reduce staff costs by 7-10%. The methodology and approach would be to have a plan by 30 June 2002 latest so that

the effects could be felt in 2003. A.Gadegaard made a slight correction to this: the plan should be ready to be presented in April so that it could be implemented by 30 June.

Dr K. Raiser said he would send a summary letter of actions taken by the Executive Committee, so the principal information will go to all Central Committee members well in advance of their August 2002 meeting. In addition, a special letter could be sent to the Central Committee's Finance Committee with the complete minutes and corresponding information, telling them what is expected between now and when they meet.

Bishop Young said the letter going to the member churches should mention when they last paid their contribution, and how much. This should be referred to in the letter to the Central Committee. It should say that we expect their support, and that some kind of financial disclosure would be made at Central Committee. K. Raiser said he was all in favour of this. The letter should indicate that we are aware of the fact that member churches are in the same position as we are. We are in this together and have to struggle through together. This is a test of the spirit of ecumenical solidarity.

He hoped the Executive Committee would support the General Secretariat when, as part of the reduction of costs, the stated policy is implemented of providing no subsidies for travel if the member of the governing body has not responded to the request for the minimum contribution. We cannot afford to continue not to implement this policy. We need at least a response as to why it is impossible for a given church to contribute. This includes Executive Committee members.
K. Raiser added that another way of bearing the burden concerns the costs of travel and accommodation. This is a heavy burden. The WCC proposes always the cheapest form of travel. Again and again, members of the governing bodies refuse to accept a reasonably priced ticket and then request refunds on other tickets. The strictest economy should be exercised. He regretted that this applied to this governing body.

The Executive Committee **agreed** that the stated policy be implemented.

M. Hardon said that IMD was setting up a data-base of all financial officers and people relevant to the membership campaign so that copies of the letter be sent to the right people. He appealed to the Executive Committee members for help in

ensuring we have the right data. Dr Masango talked about the possibilities of contributing in kind when it was impossible to give a financial contribution.

At the end of this discussion, **it was agreed** that the Finance Sub-Committee revise their report in the light of the discussion. The following report was subsequently **adopted, including all recommendations as they appear below**:

Minutes of the Finance Sub-Committee

Management Summary
In 2001, the Council has suffered an estimated operating loss of CHF 6.5 million, exceeding the approved budgeted loss of CHF 1.6 million by almost CHF 5 million, as follows:

	Approved Budget	Results to date	Variance Against Budget
Income			
Contributions	21'445	19'760	(1'685)
Investment and currency	1'037	(1'700)	(2'737)
Production and miscellaneous Income	3'770	3'897	127
Total Income	**26'252**	**21'957**	**(4'295)**
Expenditure			
Staff costs	20'585	20'113	469
All other costs and transfers	7'302	7'779	(497)
Total Expenditure	**27'884**	**27'912**	**(28)**
Extraordinary costs		617	(617)
Total costs, transfers and Extraordinary costs	**27'884**	**28'529**	**(645)**
Surplus/(Deficit)	**(1'632)**	**(6'572)**	**(4'940)**

The Council's operating costs were managed closely to budget in 2001; the principal factors causing a higher operating loss than budgeted were:

- a shortfall in project management contributions and membership income of CHF 1.7 million against budget
- a shortfall of investment and currency results of CHF 2.7 million against budget.

The cash flow loss suffered as a result of this accounting loss is estimated at CHF 3.5 million. The principal reason why the cash flow loss is less than the accounting loss is that net unrealized investment losses included in the accounting results do not affect the Council's cash flow.

At 31 December 2000, the net available assets of the Council after deduction of liabilities totalled CHF 24.6 million. Although the Council held a General Fund portfolio of CHF 25.8 million at that time, those investments covered liabilities to the Programme Funds of CHF 23.2 million. Only the margin of CHF 2.6 million investments was available freely to the Council as part of the total net available assets of CHF 24.6 million. At the end of 2001, the net available assets of the Council have decreased by CHF 6.6 million to CHF 18 million, this amount represented by the Council's buildings. There are no remaining net available liquid assets.

In 2002, a budget has been prepared on a new Activity Based Costing basis, consolidating the operating and activities structures. The objective is to improve information on the cost structure of different programmes.

The draft budget indicates no increase in contributions income. While efforts have been made to reduce staff and other costs, the budget includes an operating deficit of CHF 1.2 million, to which may be added CHF 0.4 million to cover activities exceeding their available funds, and at least CHF 0.5 million for early retirement or compensation packages implicit in the budget. A total of CHF 2.1 million operating deficit is thus anticipated for the year 2002.

Together with the renovation project in Bossey for which funding of CHF 1.3 million is required, a preliminary review of the financing required to meet this budget indicates that at least CHF 4.5 million must still be raised. The Council is now seeking a mortgage loan against the Ecumenical Centre buildings, in order to cover its financial needs for year 2002.

Detailed Information

1. RESULTS 2001

1.1 Draft operating results for the year 2001

The Finance Sub-Committee reviewed in further detail the draft financial report which had been presented to the Executive Committee in the Preliminary Finance Report. Taken overall, total costs and transfers had indeed been managed closely to the approved budgeted level of CHF 27.8 million. However, the approved budget deficit of CHF 1.6 million had been exceeded by CHF 4.9 million. This significant variance stemmed from three sources. Firstly, net unrealized investment losses of CHF 1.7 million are reported instead of the budgeted CHF 1 million of investment gains, resulting in CHF 2.7 million of increased loss against budget. Secondly, contributions and membership fell short of budget by CHF 1.7 million. Finally, unbudgeted extraordinary costs of CHF 0.7 million for early retirement packages are required to be included in the accounts.

1.2 Investments and net unrealized investment losses

The sub-committee confirmed that the General Fund investment account had been managed within the guidelines established by the Investment Advisory Group. These guidelines set the strategic allocation of investments at 5% deposits, 65% bonds and 30% shares.

Despite the portfolio restructuring conducted early in 2001, net unrealized losses suffered rose to CHF 2.4 million as a result of the depressed state of the international investment markets. Investment reserves of CHF 0.7 million had been applied to reduce the impact of this loss on the operating results to CHF 1.7 million.

In 2001, no distributions of investment interest had been made to Activities. This decision had been taken in the light of both the results and the absence of investment reserves.

The investment reserves remaining at 31 December 2001 totalled CHF 120,000, included within the Endowment Funds. The absence of investment reserves now exposes the Council to accepting any further investment losses directly within its operating results, without mitigation.

1.3 Contributions and membership income

Project Management contributions fell short of budget by CHF 1.1 million, and UDI and membership contributions fell short of budget by CHF 0.6 million. Focused efforts in income generation are required to reverse this trend.

1.4 Other income

Production and miscellaneous income totalled CHF 3.9 million, being CHF 0.1 million above budget. Rental income represented about 45% of this income, at CHF 1.7 million. While income results from Bossey and from publishing had been lower than planned, this had been offset in part by the sale of old printing equipment for almost CHF 0.1 million.

1.5 Salaries and other costs

Total salaries and other costs were reviewed. At this stage in the preparation of the financial results, it was explained that full detailed analytical review of variances of certain costs against budget was still in progress. Finance costs were particularly high because of interest paid on loans not originally included in budget plans. Where expenses exceeded budget in repairs and maintenance or food and beverage, these variances had been offset by publishing expenses lower than planned. On an overall basis, costs had been contained within budget.

1.6 Extraordinary costs

The extraordinary costs consist of the estimated cost of CHF 767,000 for early retirement packages agreed at the year end for 13 staff, reduced by CHF 150,000 through the reversal of a tax provision no longer required.

The early retirement package should result in future savings to the Council, provided either positions concerned are not refilled, or are refilled at more junior levels.

1.7 Draft Activities financial results 2001

The draft Activities results reported a draw-down of Programme Funds of CHF 5.8 million against a draw-down planned of CHF 6.9 million. A draw-down in Programme Funds results in a reduction of the Programme Fund balances, held on the Council's balance sheet as reserves. At the beginning of 2001, the Programme Funds stood at CHF 23.2 million. The draw-down in Programme Funds of CHF 5.8 million to CHF 17.4 million is financed by borrowings against the investments held in the Council's General Fund investment portfolio.

2. BALANCE SHEET

2.1 Draft balance sheet

A draft balance sheet for 2001 was reviewed. The balance sheet is still subject to adjustment and unaudited, and is presented as an estimate.

The total assets of the Council total CHF 76.0 million at 31 December 2001, approximately half of which is represented by the land and buildings, being the Ecumenical Centre, the Château de Bossey and the staff residential building.

Current liabilities had increased by almost CHF 10 million. There were three reasons for this movement. Firstly, the loan from Banque Cantonale Vaudoise for the renovation of the Château de Bossey is currently in the form of short-term construction advances of CHF 3.8 million. This is expected to be converted to a long-term mortgage loan in 2003. Secondly, the increase includes CHF 4 million of short-term borrowings. Thirdly, there was a marked increase of CHF 2 million in accounts payable at the year end.

Although the balance sheet presented is in compliance with International Accounting Standards, the Finance Director explained to the Finance Sub-Committee that it was not easy to draw conclusions from its review and therefore proposed a more detailed analysis of this document.

2.2 Balance sheet analysis

To achieve a closer understanding of the Council's financial position, assets are presented net of the liabilities which they are deemed to cover. This analysis reveals which net assets are available to the Council to cover the reserves. The reserves represent the 'share capital and reserves' of the Council. They are the liabilities of the Council to its member churches, rather than liabilities to any third party.

The sub-committee reviewed the Council's balance sheet on this basis at 31 December 2000 and 2001.

There were three principal observations. Firstly, the analysis highlighted that at the end of 2000, there was a surplus of CHF 2.5 million in investments held after covering the related liability which is the Programme Funds. At the end of 2001, this coverage has been reduced to CHF 0. 5 million.

Secondly, current liabilities at 31 December 2001 exceed current assets by CHF 2.7 million. This indicates the lack of cash flow from which the Council now suffers.

Thirdly, the reserves of the Council are identified as CHF 24.5 million at the end of 2000, decreasing by CHF 6.5 million to CHF 18 million at the end of 2001. At the end of 2000, the Council's reserves were covered mainly by its buildings, but also by CHF 3.4 million in liquid assets. At the end of 2001, there is no coverage in liquid assets. The Council's reserves are covered only by the buildings.

Viewed more optimistically, in its current financial circumstances, the Council holds net assets of CHF 18 million, represented by its buildings.

3. RESERVES AND OTHER FUNDS

As a result of the operating deficit, the General Reserve is depleted. It is anticipated that after completing accounting controls prior to finalizing the accounts, approximately CHF 6 million in operating deficit would be debited to the General Reserves, resulting in a closing debit or negative balance of CHF 1.25 million.

While it is no cure for the Council's financial situation, it remains possible to reassign certain other reserves to the General Reserve in order to avoid presenting a negative balance in our published reports.

The sub-committee reviewed the status of other funds, in particular the Staff Residential Fund, closing at CHF 3.7 million at the year end. This fund had been created originally by a transfer from the General Reserve in order to cover potential accounting losses until the residence was self-supporting financially. The fund had been little called upon, and in recent years has been applied to cover small annual deficits in the running of the building after depreciation charges.

1. Recommendation

The sub-committee proposes that the Executive Committee:

- approve a debit to the General Reserve of an estimated CHF 6 million operating deficit, subject to the final accounting controls and audit;

- reassign an amount of up to CHF 2.0 million from the Staff Residential Building Fund to the General Reserve;

- require that the Staff Leadership Group take steps to ensure that the Staff Residential Building runs at a minimum return on investment going forward.

4. BUDGET 2002

	Total Budget 2002 CHF 000	ABC Operating Budget CHF 000	Variance Against Budget CHF 000
Income			
Contributions	43'755	6'654	37'101
Investment and currency	300	300	
Production and miscellaneous Income	3'848	3'742	125
Total Income	**47'903**	**10'677**	**37'226**
Expenditure			
Staff costs	21'332	20'190	1'142
All other costs and transfers	33'722	7'952	25'770
Total Costs and Transfers	**55'054**	**28'142**	**26'912**
ABC Staff & related costs and overheads	(0)	(16'211)	16'211
Total costs and transfers	**55'054**	**11'931**	**43'123**
Surplus/(Deficit)	**(7'151)**	**(1'253)**	***(5'897)**

- Note on Activities Deficit: The activity deficit includes an intentional draw-down from funds of CHF 3.9 million against existing funds of CHF 17'198. It also includes deficits of CHF 1.6 million which will need to

be charged against funds if they cannot be further reduced. In addition it includes deficits of CHF 392'000 on Activities in Church and Ecumenical Relations, Faith & Order and Inter-religious Relations and Dialogue, which need to be funded in principle from the General Reserve.

4.1 Activity Based Costing budget 2002

The Finance Director explained that the draft budget 2002 was presented under the new Activity Based Costing basis. The principal features are that all contributions are assigned to Activities, instead of in part to an Operating budget and in part to an Activities budget. Donors accept that a 'tax' is imposed on the contributions to cover administrative costs. Then, salaries and other costs formerly included in the Operating budget are assigned to the Activities budget according to a time estimate key.

The advantage of the ABC basis is the resultant estimated costing of specific activities or programmes which might help to focus leadership's decision-making.

4.2 Draft Consolidated ABC budget for 2002

The draft budget proposes an operating deficit of CHF 1.2 million and a draw-down of CHF 5.9 million on Programme Fund balances. The draw-down on Programme Fund balances concerns specific designated funds for each team. Two teams lack CHF 392,000 fund balances for the Activities which are budgeted. This draw-down will ultimately have to be covered by the General Reserve. The overall proposed operating deficit is thus increased by CHF 392,000 to CHF 1.6 million, and the draw-down in Programme Fund balances is decreased to CHF 5.5 million. It is also anticipated that additional, currently unbudgeted provisions for early retirement or severance packages will be required in 2002.

4.3 Contributions 2002

On a consolidated basis, actual contributions recorded in the draft Operating and Activities draft financial reports for 2001 total CHF 44.0 million. The budget for 2002 proposes that the level of contributions falls slightly to CHF 43.7 million.

4.4 Other income 2002

Other income 2002 is budgeted at CHF 3.8 million, or CHF 100,000 higher than in the prior year. The increase stems from the rental of additional office space to be achieved by the sharing of offices currently occupied on an individual basis.

4.5 Salaries budget 2002 compared with 2001
The budget is set at CHF 0.4 million lower than 2001. This incorporates certain real reductions in staff costs compared with the prior year, and certain savings from anticipated early retirements or other departures which have not yet been agreed on a contractual basis. The budget includes CHF 0.9 million increases in salary in 2002, approved further to a resetting of the salary scale which revised all salaries upwards, and incorporating certain specific increases for individual staff members.

Attaining the CHF 20,190,000 in salary costs will require that an estimated CHF 500,000 be expended in early retirement or other compensation packages. As mentioned above (4.2), this cost has not been included in the budget, since it has not as yet been estimated in full. The operating deficit proposed may then rather be viewed at least as CHF 2.1 million.

4.6 Estimated required funding year 2002
An estimation of the required funding veiled in the 2002 budget has been prepared, based on assumptions concerning the balance sheet at the end of 2002. For example, it is assumed that the renovation project at Bossey continues to completion; that loans of CHF 4 million are reimbursed by sale of investments and CHF 5 million investments sold to cover further draw-downs in Programme Fund balances; that creditor balances will decrease by CHF 1.2 million from the levels reached at end 2001; that minimal gains of CHF 300,000 are earned on investments.

The statement estimates that over and above available investments and construction loans already obtained, an additional CHF 4.5 million in funding is required in order to meet budget plans. At present, this financing has not been obtained. It may be obtainable by mortgaging the Ecumenical Centre building, which is owned outright by the Council.

The Council is currently in negotiation with local banks to seek a mortgage facility.

During the audit commencing next month, the Council is required to demonstrate that it can finance its budgeted operations and activities over the following twelve months. Under the current budget and investment plans, obtaining an additional loan or realizing an asset is essential. Without such financial planning in place, the auditors may withhold their audit opinion, requiring that accounts be prepared on

a basis other than the 'going concern' basis. In practical terms, the Council is risking that within the following 12-month period it is unable to meet costs.

One safeguard mitigating this risk within the 12-month period is the remaining investments, estimated at CHF 12.7 million at the end of December 2002. However, this security net may mislead judgement; the investments are to be applied to cover the remaining Programme Funds and cannot be depleted to cover operating deficits.

4.7 Estimated balance sheet 2002
The estimated balance sheet 2002 assumes net assets decrease from CHF 18 million to CHF 17.3 million.

4.8 Overall comments on draft budget 2002 and required funding
It is clear that the Council's current cost structure is no longer sustainable. The availability of external financing derived from the building may be realistic for one year, but builds a spiral of increasing finance costs and would deplete assets, not meant for the purpose of funding operating costs.

Where 49% of contributions income is applied to cover salaries, rapid reduction in the cost basis is also not readily attainable. Contractual consequences in terms of compensation packages may also place an additional financing burden on the Council in the short term.

The Council requires to define clearly its vision in line with the current expected contributions income over the next three years, and urgently and responsibly apply itself to reorganization to ensure that its vital role in the world is maintained in the long term: These actions require to be undertaken in the next three months, in order that financing derived from the building or mortgage is not jeopardized by a further deterioration of the Council's financial condition.

Further delay may result in the Council's later inability to pay appropriate compensation.

In its restructuring efforts, the Council also requires to focus attention on the manner in which salary costs are being covered by Programme Funds and financed by investments under the new structure. CHF 5.9 million in draw-down is planned for 2002, some part of which concerns salary costs. It is estimated that investments will be reduced to CHF 12.7 million by the end of the year. This

means that only one more year of draw-down activity in 2003 is likely to be sustainable.

2. Recommendation
The Finance Sub-Committee of the Executive Committee proposes that the Executive Committee adopt the budget 2002 as presented with the following amendments:

- a spending limit of 90% in 2002 on non-contractually binding, non-staff costs should be implemented as soon as practical.
- a plan to reduce staff costs by 7% to 10% to be presented to the Moderator and Vice-Moderator of the Finance Sub-Committee at their meeting scheduled on 18-19 April. This plan should be implemented no later than 1 July 2002 and begin to take effect during the last period of 2002 and in full at the beginning of 2003.

5. COORDINATION BETWEEN PROGRAMME PLANNING AND FINANCIAL PLANNING

The Finance Sub-Committee acknowledges that initiatives have been undertaken to improve the coordination between the programme planning process and financial realities.

3. Recommendation
The Finance Sub-Committee recommends that the Executive Committee encourage further efforts to establish a framework for consultation and coordination between Programme Committee and the Finance Committee of the Central Committee.

5.1 Investment and financial policies

4. Recommendation
The Finance Sub-Committee recommends that the results of a consultation with the Council's Investment Advisory Group should aim at a further reduction of the risk profile of the Council's investment portfolio.

5. Recommendation
The Finance Sub-Committee of the Executive Committee proposes that the Executive Committee approve the continuation of the negotiations with local banks towards a mortgage loan against the Ecumenical Centre building.

5.2 Information to Governing Bodies

6. Recommendation
The Finance Sub-Committee of the Executive Committee proposes that the Executive Committee require that the Council's financial results (Management Summary Report) be dispatched to the Officers and the members of the Finance Sub-Committee on a monthly basis.

17. REPORT OF THE PROGRAMME SUB-COMMITTEE

Special Commission

Marion Best led a review of the document on the Special Commission, reminding the Executive Committee that this is an interim report, not the final report which will be submitted at the next meeting of the Central Committee. A number of suggestions for reflection and possible rewording were advanced by members of the Executive Committee.

Relations with Constituencies

The sub-committee affirmed the principle of the Living Letters as an opportunity for learning. They saw this action not only as pastoral but as a means of reflection together in theological and practical terms.

The Executive Committee **agreed** to reaffirm the principle and practice of Living Letters.

WCC Teams and Programmes - mid-term evaluation

The sub-committee did not recommend circulating the document to all member churches.

All **agreed** that the staff's mid-term evaluation not be circulated automatically to all member churches.

Programme Highlights

The sub-committee noted and was grateful for the fine things being undertaken in the local context under the auspices of DOV. The South-South sharing of models was encouraged, as well as South-North sharing.

Fr Benedict noted that in the current situation prominence be given to Christian-Muslim dialogue and underlined the need to include Christian-Muslim-Jewish dialogue, which was also important at this time. G. Jacques replied that while the sub-committee's document refers to the urgency of Christian-Muslim dialogue at present, that does not preclude other discussions between Christians and Jews or Christians and Hindus, for example. This is not to diminish the importance of these but just to underline the urgency of the Christian-Muslim exchange.

It was noted that funding is assured both for the proposal on HIV/AIDS and for the consultancy on the Special Focus on Africa.

Review of the Council's engagement in Eastern Europe: The sub-committee recognised that so much more could be done, that some member churches were acting bilaterally, and the need for more ecumenical response in Eastern Europe. The Deputy General Secretary proposed the following approximate formulation in revision of the document on the topic of relations in Eastern Europe: "… bilateral relations in the whole region, taking into consideration other ecumenical instruments in the region."

Following further review of the ecumenical study document on racism, Faith and Order, and communication, the whole paper on Programme Highlights was **accepted** by the Executive Committee.

Plans for Executive Committee meeting in India

The General Secretary informed the Executive Committee about plans for its next meeting to be held in India at the invitation of Bishop Zacharias. These plans are known in India and there will be the opportunity of using the Executive Committee's presence in India to strengthen relations with all the churches in that country. A proposal is being prepared to enable members of the Executive Committee to be able to make contact with other Indian churches. The General

Secretary encourages members of the Executive Committee to plan a few more days before or after the meeting for direct encounters, to take this opportunity for cultivating direct and personal relationships. He hoped such a plan of visitations can be presented at the time of the Central Committee meeting.

The Moderator, His Holiness Aram I, expressed thanks to the General Secretary for his strong ecumenical leadership and thanked all the staff persons present. He also seized the opportunity to express thanks on behalf of the Executive Committee to the Church of Denmark for their kind hospitality.

The Moderator closed the meeting with prayer at 12:30 on Friday, 22 September 2002.

Appendix I

MEMBERSHIP OF SUB-COMMITTEES

Programme Sub-Committee

Dr Marion Best	Moderator
Rev. Inamar Correa de Souza	
Fr Dr K. M. George	(ex officio)
Rev. Archimandrite Benedict Ioannou	
Ms Jana Krajciriková	
H.G. Mar Cyril Aphrem Karim	
Rev. Septemmy E. Lakawa	
Rev. Dr Maake S.J. Masango	

Staffing and Nominations Sub-Committee

Mrs Justice Sophia Adinyira	Moderator
Bishop Dr Hilarion Alfeyev	
Rev. Yadessa Daba	
Ms Donnalie E.C. Edwards-Cabey	(absent)
Rev. Dr Clifton Kirkpatrick	
Bishop Dr Rolf Koppe	
Prof. Dr Samuel Lee	
Archbishop Nifon of Targoviste	
Rt. Rev. Dr Zacharias Mar Theophilus	

Finance Sub-Committee

Bishop McKinley Young	Moderator
Dean Anders Gadegaard	Vice-Moderator
Ms Carmencita Karagdag	
Very Rev. Leonid Kishkovsky	
Ms Abigail O. Ogunsanya	
Rev. Dr Ilaitia Sevati Tuwere	(absent)

Appendix II

List of Participants

Officers:	H.H. Aram I, Catholicos of Cilicia	(Moderator)
	Mrs Justice Sophia Adinyira	(Vice-Moderator)
	Dr Marion Best	(Vice-Moderator)
	Rev. Dr Konrad Raiser	(General Secretary)
Members:	Bishop Dr. Hilarion Alfeyev	
	Rev. Yadessa Daba	
	Rev. Inamar Correa De Souza	
	Dean Anders Gadegaard	
	Ms Carmencita Karagdag	
	H.G. Mar Cyril Aphrem Karim	
	Rev. Dr Clifton Kirkpatrick	
	Very Rev. Leonid Kishkovsky	
	Ms Jana Krajciriková	
	Rev. Septemmy E. Lakawa	
	Prof. Dr Samuel Lee	
	Rev. Dr Maake S.J. Masango	
	H.G. Archbishop Nifon of Targoviste	
	Ms Abigail O. Ogunsanya	
	Rt.Rev. Dr Zacharias Mar Theophilus	
	Bishop McKinley Young	
Ex Officio:	Fr Dr K. M. George	
Apologies:	Ms Donnalie E.C. Edwards-Cabey	
	Rev. Dr Ilaitia Sevati Tuwere	
Substitutes:	Bishop Dr. Rolf Koppe	
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